



U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

04-206

USAID Grant Agreement No. 263-0284

**CONFORMED
COPY****PROJECT GRANT AGREEMENT****BETWEEN THE****ARAB REPUBLIC OF EGYPT****AND THE****UNITED STATES OF AMERICA****FOR****ASSISTANCE FOR CUSTOMS AND TRADE FACILITATION**

PA-263-02-0284.00

FUNDS RESERVED

App. 722/31037	Res. No. P020221
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Off. Code 016	Amount \$10,000,000
Agent Code	Acc. Basis
Oblig. Str. Dt.	Oblig. End Dt. 09/30/2007
By <i>AS</i> S&A	MACS Date 9/3/07

Dated: 30 SEP 2007

"Certified to be a true copy of the original document signed on behalf of the Government of U.S.A. by Ambassador C. David Welch, and Mr. Willard J. Pearson, USAID Director, and on behalf of the Government of Egypt by Fayza Aboulnaga, Minister of State for Foreign Affairs, and Maissa El Gohary, Acting Administrator Department for Economic Cooperation with U.S.A., International Cooperation Sector."

Karen Hunter
Karen Hunter, Legal Advisor

Project Grant Agreement

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USAID Grant No. 263-0284

PROJECT GRANT AGREEMENT

FOR

ASSISTANCE FOR CUSTOMS AND TRADE FACILITATION (ACTF)

Dated:

30 SEP 2002

Between

The Arab Republic of Egypt ("A.R.E." or the "Grantee")

and

The United States of America ("U.S.A."), acting
through the United States Agency for International
Development ("USAID").

Article 1: Purpose.

The purpose of this Project Grant Agreement ("Agreement")
is to set out the understanding of the parties named above (the
"Parties") about the Strategic Objective and Result described
below.

Article 2: Strategic Objective and Result.

Section 2.1. Strategic Objective. The Strategic
Objective sought by this Agreement is "Environment for Trade and

Investment Strengthened." This Agreement is one of a number of agreements that fund activities designed to achieve this Strategic Objective.

Section 2.2. Result. In order to assist in achieving the Strategic Objective, the Parties agree to work together to achieve the following Result (the "Result"): enhanced trade through improved modernization of A.R.E. customs and facilitation of trade services in Egypt.

Section 2.3. Annex 1, Amplified Description. Annex 1, attached, amplifies the above Strategic Objective and Result, describes the activities necessary to achieve the Result and the indicators by which its achievement will be measured. Within the limits of the above definition of the Strategic Objective and Result in Sections 2.1 and 2.2, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

Article 3. Contributions of the Parties.

Section 3.1. USAID Contribution.

(a) The Grant. To help achieve the Strategic Objective and Result set forth in this Agreement, USAID, pursuant to the

Foreign Assistance Act of 1961, as amended, hereby grants to the A.R.E. under the terms of the Agreement not to exceed Ten Million United States ("U.S.") Dollars (\$10,000,000) (the "Grant").

(b) Total Estimated USAID Contribution. USAID's total estimated contribution under this Agreement will not exceed Thirty Million U.S. Dollars (\$30,000,000), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

Section 3.2. A.R.E. Contribution.

(a) The A.R.E. agrees to provide or cause to be provided all funds, in addition to those provided by USAID, and all other resources required to complete, on or before the Completion Date, all activities necessary to achieve the Result.

(b) Subject to the availability of funds for this purpose, the A.R.E. contribution will not be less than the Egyptian pound equivalent of One Million Three Hundred Four Thousand Three Hundred Forty Eight U.S. Dollars (\$1,304,348), including cash

and in-kind contributions. The A.R.E. will report at least annually in a format to be agreed upon with USAID on its cash and in-kind contributions.

Article 4: Completion Date.

(a) The Completion Date, which is September 30, 2007, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Result will be completed.

(b) Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the A.R.E. and reduce the amount of the Grant by all or any

part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article 5: Requirement Precedent to Disbursement.

Section 5.1. First Disbursement. Prior to the first disbursement of funds under the Grant, or to the issuance by USAID of documentation pursuant to which such disbursement may be made, the A.R.E. shall, except as the Parties may otherwise agree in writing, furnish to USAID, in satisfactory form and substance, a statement of the names and titles of the persons authorized pursuant to Section 7.2 to act as the representatives of the A.R.E., together with a specimen signature of each person specified in such statement.

Section 5.2. Notification. USAID will promptly notify the A.R.E. when USAID has determined that the requirement precedent specified in Sections 5.1. has been met.

Section 5.3. Terminal Date for Requirement Precedent. The terminal date for meeting the requirement specified in Section 5.1 is ninety (90) days from the date of this

Agreement or such later date as USAID may agree to in writing before or after the above terminal date. If the requirement precedent in Section 5.1 has not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the A.R.E.

Article 6: Special Covenants.

Section 6.1. Payment of Taxes, Tariffs, Duties and other Levies. To the extent that any of the funds provided under the Grant are used to pay any taxes, tariffs, duties or other levies (including social insurance) for which an exemption is provided under Section B.4. of Annex 2 hereto, the A.R.E. agrees that the Ministry of Finance shall, unless otherwise expressly provided in Implementation Letters, pay the same with funds other than those provided by USAID under the Grant.

SECTION 6.2. Documentation Required for Duty-Free Importation of Commodities and Personal Effects. The A.R.E. agrees that the Ministry of Finance shall provide to the Egyptian Customs Authority whatever documentation is required by, and is acceptable to, the Egyptian Customs Authority for the

duty-free importation of any commodities (including vehicles) and personal effects for which an exemption from taxes, tariffs, duties, or other levies is provided under Section B.4. of Annex 2 hereto.

SECTION 6.3. Monitoring and Evaluation. The Parties agree to establish a monitoring and evaluation program as part of the Agreement. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Agreement, and at one or more points thereafter:

(a) systematic monitoring and reporting of progress on performance indicators during the Agreement period;

(b) formal evaluation or review of the Agreement at critical points during the Agreement's implementation, using the information provided to improve attainment of the Agreement's objectives; and

(c) a summary of the performance indicators and development impact achieved as a result of the Agreement.

Article 7: Miscellaneous.

Section 7.1. Communications. Any notice, request,

document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, telefax or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the A.R.E.:

Ministry of Foreign Affairs
Department for Economic Cooperation with USA
International Cooperation Sector
48/50 Abdel Khalick Tharwat Street
Cairo, Egypt

Ministry of Finance
Justice and Finance Building
Lazoughly Square
Cairo, Egypt

To USAID:

USAID/Office Building
Plot 1/A Off El Laselki Street
New Maadi, Postal Code 11435
Cairo, Egypt

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 7.2. Representatives. For all purposes relevant to this Agreement, the A.R.E. will be represented by the individual holding or acting in the Office of Minister of State for Foreign Affairs and/or the Administrator of the Department for Economic Cooperation with U.S.A., International Cooperation Sector, and USAID will be represented by the individual holding or acting in the Office of Director, USAID, each of whom, by written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement or revising the Strategic Objective or Result. The names of the representatives of the A.R.E., with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 7.3. Standard Provisions Annex. A "Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 7.4. Language of Agreement. This Agreement is prepared in both English and Arabic. In the event of ambiguity

or conflict between the two versions, the English language version will prevail.

SECTION 7.5. Ratification. The A.R.E. will take all necessary action to complete all legal procedures necessary to ratification of this Agreement and will notify USAID as promptly as possible of the fact of such ratification.

Section 7.6. Effective Date. This Agreement shall enter into force when signed by both Parties hereto.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY : 

NAME : Fayza Aboulnaga

TITLE: Minister of State for Foreign Affairs

BY : Maissa El Gohary

NAME : Maissa El Gohary

TITLE: Acting Administrator
Department for Economic
Cooperation with U.S.A.,
International Cooperation
Sector

UNITED STATES OF AMERICA

BY : 

NAME : C. David Welch

TITLE: Ambassador

BY : Anne Aarnes

NAME : Anne Aarnes

TITLE: Acting Director,
USAID/Egypt

Implementing Organization

In acknowledgement of the foregoing Agreement, the following representative of the implementing organization has subscribed his name:

BY : Medhat Hassanein
NAME : Dr. Mohamed Medhat Hassanein
TITLE : Minister of Finance

Amplified Description

I. Introduction

This Annex 1 describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Annex 1 shall be construed as amending any of the definitions or terms of this Agreement. The Annex 1 may be amended by authorized representatives of the Parties through Implementation Letters (ILs) as provided under Article A. Section A.2 of the Standard Provisions (Annex 2) to the Agreement, without formal amendment of the Agreement, provided that the definition of the Strategic Objective and Result as set forth in Article 2 of this Agreement are not altered thereby.

II. Background

The A.R.E. is undertaking its own program of economic policy reform that aims to increase productive private sector employment through increased trade and investment. An important component of this program is the reform of the A.R.E.'s customs and trade services to facilitate an environment conducive to exports, investment and growth.

The technical assistance, training and commodities provided under ACTF help the A.R.E. implement its reform agenda in the customs and trade facilitation areas.

III. Results to be Achieved

ACTF, along with other activities funded under Strategic Objective No. 16 (Environment for Trade and Investment Strengthened), will contribute to the achievement of the following Results:

- An improved policy framework for trade and investment;
- Increased private sector competitiveness; and

- Enhanced opportunities for business growth.

On the micro-level, results will include: 1) the reduction of average clearance time for goods at ports, 2) the reduction of clearance process steps, 3) reduction in the number of customs disputes, and 4) an increase in the percentage of customs goods declarations transmitted electronically.

IV. Activities

Activities to be undertaken under the ACTF project must meet essential selection criteria. These include demonstration of conformity with the Strategic Objective, a clear relationship with the intended Result, the reasonability of the Result, and the distinct identification of activities and their proposed costs that are commensurate with anticipated benefits.

1. Reform Initiatives in the Customs Sector:

This project component includes activities that support the modernization of the A.R.E.'s customs legal framework, the simplification of customs procedures and controls, the automation of Customs Authority systems, the strengthening of inspection and enforcement mechanisms, the introduction of risk management and post-audit procedures, the streamlining of customs duty relief regimes, and the strengthening of human resource management and training. This activity component will also support customs policy formulation.

2. Reform Initiatives in the Trade Facilitation Area:

This project component includes activities that support the enhancement of uniform customs product standards and sampling procedures, the facilitation of customs services and the streamline of inspection of goods, and human resource development and training.

3. *Coordination and Management of the A.R.E.'s Customs and Trade Facilitation Reform:* This project component will support the establishment of a unit within the Ministry of

Finance (MOF) that will be responsible for coordinating between the different ministries on customs issues and monitoring the A.R.E.'s customs reform process.

V. Performance Monitoring

The implementation of ACTF will contribute, in part, to the achievement of the three Results described in Section III of this Annex 1. These results will be measured using the following indicators: 1) the Global Competitiveness Index (an index of economic competitiveness published by the World Economic Forum); 2) non-petroleum exports and imports of goods as a percent of GDP; 3) progress in WTO compliance; 4) trade weighted average tariff (an indicator reflecting the reduction in trade barriers, measured as total revenue collected from the tariff divided by the total value of imports expressed as a percent); and 5) value of exports in selected sectors. In addition, to these indicators, progress in achieving results will be measured through reduction in time and cost involved in the clearance of goods from customs.

Two evaluations will be conducted: a mid term evaluation (two years after the start-up of ACTF activities) and a final evaluation at the end of the project.

VI. Roles and Responsibilities of the Parties

A. A.R.E.

The Ministry of Finance (MOF) will serve as the implementing organization for ACTF. In addition, the Ministry of Foreign Trade (MOFT), the Ministry of Transportation, and the Ministry of Industry (Egyptian Organization for Standardization) are beneficiaries of the trade facilitation activities and may be added, in the future, as additional A.R.E. implementing organizations for activities related to the trade facilitation component of the project, through Implementation Letters (ILs) between USAID and ICS/MFA.

B. USAID

USAID's Economic Growth Directorate, Sector Policy and Privatization Division (EG/SPP) will monitor the implementation of ACTF on behalf of the United States.

USAID is responsible for executing implementing instruments; contracts, cooperative agreements and grants, to undertake approved activities under ACTF needed to achieve the Results set forth in Section III, above, and for monitoring and evaluating the achievement of these Results. USAID will enter into such implementing instruments only after consultation with the relevant A.R.E. implementing organization for the activity.

VII. Funding.

The Illustrative Financial Plan for ACTF is set forth in the attached table. Changes may be made to the financial plan by representatives of the Parties without formal amendment of the Agreement, provided that such changes do not cause USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement.

Attachment 1.1

Assistance for Customs and Trade Facilitation

(ACTF)

USAID GRANT No. 263-0284

Illustrative Financial Plan

USAID Contribution (US\$)

	Elements	This OBLIGATION	Planned Future USAID Obligations	Planned Life Of Project Funding
1	Technical Assistance/ Commodities/ Training	9,600,000	18,650,000	28,250,000
2	Management Coordination Unit	350,000	650,000	1,000,000
3	Audit & Evaluation	50,000	700,000	750,000
	Total	10,000,000	20,000,000	30,000,000

Assistance for Customs and Trade Facilitation
Grant Agreement (263-0284).